

Message Text

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PAGE 01 BRUSSE 00250 091928Z

41

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 /020 W
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P R 091750Z JAN 76
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 5782
SECDEF WASHDC PRIORITY
INFO USDOC WASHDC
CSA WASHDC
CDR AMC ALEX VA
USCINCEUR VAIHINGEN GE

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USDOC FOR STRAUSS-LEON; CSA FOR ASA/I&L SASS/IL-MO AND DALO-ILS;
USCINCEUR FOR ECJ4/7-SAEN

E.O. 11652: N/A

TAGS: MPOL, MASS, BE

SUBJECT: FMC NEGOTIATIONS FOR SALE OF AIFV/M113A1 VEHICLES TO BELGIUM

REF: USNATO 5000 (NOTAL), UT SECDEF 8547 (NOTAL,
BRUSSELS 4009 (NOTAL), 75 STATE 11652 (NOTAL), BRUSSELS 10875
(NOTAL)

SUMMARY. ASSOCIATE MANAGER EUROPEAN OPERATIONS, FMC, SHAW
BRIEFED US YESTERDAY ON CURRENT STATUS OF SUBJECT SALE. ON
19 DEC A TASK FORCE WAS ORGANIZED BY CABINET OF MOD TO REVIEW
ALL PROPOSALS FOR PROGRAM AND TO COMPILE A LIST OF QUESTIONS
FOR EACH POTENTIAL CONTRACTOR. TASK FORCE WORKED THROUGH THE
HOLIDAYS AND THEIR QUESTIONNAIRES WERE SUBMITTED TO EACH
COMPANY IN SEPARATE MEETINGS ON 6 AND 7 JAN 76. FMC ANSWERS
TO QUESTIONNAIRE MUST BE RECEIVED BY MOD NO LATER THAN 1200
HRS, 19 JAN 76. DECISION ON WHICH CONTRACTOR OR CONTRACTORS WITH
WHICH BELGIAN GOVERNMENT WILL PROCEED TOWARD FINAL NEGOTIATIONS
WILL BE MADE 31 JAN 76.

FMC HAS REQUESTED EMBASSY GUIDANCE ON THE FOLLOWING QUESTIONS
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PAGE 02 BRUSSE 00250 091928Z

STATED IN MOD QUESTIONNAIRE: QUOTE COULD THE INTERESTED FIRM GET

A WARRANTY TO ASSURE SATISFACTORY EXECUTION OF ECONOMIC COMMITMENTS FROM ITS GOVERNMENT? SCOPE AND CONDITION OF THIS WARRANTY.
UNQUOTE END SUMMARY.

1. ON 19 DEC, MOD BELGIUM ORGANIZED TASK FORCE TO REVIEW ALL PROPOSALS FOR BELGIAN VEHICLE PROGRAM AND TO COMPILE A LIST OF QUESTIONS FOR EACH POTENTIAL CONTRACTOR. ADDITIONALLY, THE TASK FORCE WAS CHANGED WITH ESTABLISHMENT OF SPECIFIC PROGRAM PLAN INCLUDING VEHICLE QUANTITIES AND DELIVERY SCHEDULES. THE TASK FORCE, HEADED BY CHEF DE CABINET MOD, MG BASTOGNE, IS COMPOSED OF REPRESENTATIVES FROM THE MINISTRY OF ECONOMIC AFFAIRS, BELGIAN ARMY, AND MOD CABINET. WORKING THROUGH THE HOLIDAYS, THE TASK FORCE PREPARED DETAILED QUESTIONNAIRES THAT WERE PRESENTED TO EACH COMPANY IN SEPARATE MEETINGS ON 6 AND 7 JAN. COMPANIES INVOLVED ARE FMC, GIAT(AMX), SAVIEM (FRENCH WHEELED VEHICLE) AND MOWAG (SWISS TRACKED VEHICLE).

2. FMC REPRESENTATIVES TOLD US THAT A DECISION WILL BE MADE BY 31 JAN ON WHICH CONTRACTOR OR CONTRACTORS BELGIAN GOVERNMENT WILL PROCEED WITH IN FINAL NEGOTIATIONS AND WILL AWARD CONTRACT ON OR ABOUT 1 MAY 76.

3. FMC HAS REQUESTED EMBASSY GUIDANCE IN DETERMINING PRICE REVIEW FORMULA AND EMBASSY PROVIDING INFORMAL COMMENTS. ADDITIONALLY, THEY REQUESTED GUIDANCE AND POLICY STATEMENT ON THE FOLLOWING QUESTION TO WHICH THEY MUST PROVIDE RESPONSE TO MOD: QUOTE COULD THE INTERESTED FIRM GET A WARRANTY TO ASSURE SATISFACTORY EXECUTION OF ECONOMIC COMMITMENTS FROM ITS GOVERNMENT; SCOPE AND CONDITION OF THIS WARRANTY. UNQUOTE. FMC QUERIED THE TASK FORCE FOR CLARIFICATION OF MEANING AND SCOPE OF ECONOMIC COMMITMENTS FOR WHICH GOVERNMENT WARRANTY BEING REQUESTED AND WAS INFORMED THAT GOVERNMENT OF BELGIUM WAS REQUESTING WARRANTY ON ANY COMMITMENTS FOR COMPENSATION TO BELGIAN GOVERNMENT OVER AND ABOVE COMMITMENTS BY FMC TO BELGIAN INDUSTRY FOR CO-PRODUCTION, I.E. COMPENSATION OFFERED BUY NOT NOW COVERED BY PURCHASE ORDERS.

4. FMC REPRESENTATIVES WERE INFORMED THAT RESPONSES WERE DUE TO MOD NOT LATER THAN 15 JAN, HOWEVER AFTER PLEADING THAT RESPONSE-TIME INSUFFICIENT TO COMMUNICATE SATISFACTORILY WITH FMC HOME OFFICE IN SAN JOSE, CALIF, DEADLINE WAS EXTENDED TO LIMITED OFFICIAL USE

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PAGE 03 BRUSSE 00250 091928Z

1200 HRS 19 JAN. FMC WAS INFORMED THAT ADDITIONAL QUESTIONS COULD BE ASKED OF THE TASK FORCE UNTIL COB 9 JAN.

5. WHILE WE UNDERSTAND THAT IN COMPANY-TO-GOVERNMENT SALES, US POLICY IS NOT TO PROVIDE OR GUARANTEE ECONOMIC COMMITMENTS. FMC BELIEVES THEIR OFFER WOULD BE ENHANCED BY ANY OR ALL OF THE FOLLOWING:

A. STATEMENT BY US GOVERNMENT ON FMC CREDIBILITY, PAST AND
PRESENT PERFORMANCE ON GOVERNMENT CONTRACTS, ETC.

B. MEMORANDUM STATING US INTEREST TO INVESTIGATE THE FOLLOWING:

(1) HENSCHEL ENGINEERING AS POSSIBLE SOURCE FOR US ARMY EUROPE
M113 MAINTENANCE AND REBUILD PROGRAM.

(2) BELGIAN-PRODUCED RECONNAISSANCE DRONE QUOTE EPERVIEW UNQUOTE
IN MEETING US REQUIREMENTS FOR REMOTELY PILOTED VEHICLE (RPV).

6. IN REGARD IT ITEM 5B (1) ABOVE, WE HAVE BEEN INFORMED BY
FMC THAT HENSCHEL ENGINEERING OF ANTWERP, WHO IS CURRENTLY
REBUILDING M113 FOR GERMAN ARMY, COULD BE COMPETITIVE IN THE
US ARMY EUROPE M113 MAINTENANCE AND REBUILD PROGRAM, SHOULD THE
DEPOT AT MAINZ, GERMANY BE UNABLE TO HANDLE ALL OF THE US
REQUIREMENTS.

7. COMMENT. BASED ON TECHNICAL SPECIFICATIONS AND PRICE, FMC
BELIEVES IT IS IN EXCELLENT POSITION TO OBTAIN ORDER. HOWEVER, IN
ECONOMIC COMPENSATION, BY OWN ADMISSION, THEY ARE NOT MEETING
SAME LEVELS AS FRENCH COMPETITION. FMC BELIEVES ANY ASSISTANCE
US GOVERNMENT CAN PROVIDE WOULD HELP.

8. IN ORDER TO INCORPORATE YOUR RESPONSE IN FMC SUBMISSION,
REQUEST YOUR REPLY NOT LATER THAN 15 JAN. FIRESTONE

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